

FINANCIAL INCENTIVES

Brownfield Site Assessment Grants

Brownfield Authorities

Brownfield Authority Tax Increment Financing (TIF)

Brownfield Authority Single Business Tax (SBT)

WHAT IS IT?

Funding of up to \$1 million to perform environmental assessments of properties with redevelopment potential.

A Brownfield Redevelopment Financing Authority, under 145 PA 2000, is an agency of a local unit of government created to develop and implement brownfield redevelopment financing plans.

Capture of increases in property tax revenues on eligible property to pay for costs of eligible activities.

A financial credit, against the single business tax that a business may pay.

HOW DOES IT WORK?

Eligible local units of government may submit an application to the Site Reclamation Unit, MDEQ. The application requests funding to identify and characterize potentially contaminated sites where environmental site assessments, Baseline Environmental Assessments (BEAs), and due care plans are needed to prepare properties for economic development. An eligible community may submit an application any time during the year. The grant will be available to reimburse the applicant for invoices for eligible environmental activities.

A Brownfield Authority may 1) capture increases in property tax revenues generated by the redevelopment of eligible properties to reimburse parties for costs of eligible redevelopment activities; 2) use captured revenues to finance a local site remediation revolving fund to address other eligible sites; and 3) provide eligibility for single business tax (SBT) credit to taxpayer/lessees for their investments on the eligible site.

A Brownfield Authority may 1) capture new property tax revenues generated by development of eligible property, and 2) use captured funds to reimburse for costs of eligible activities. The Brownfield Authority TIF may capture available property tax revenues from "non-school" taxing jurisdictions and, with department (MDEQ/MEDC) approval of a project work plan, "school" taxing jurisdictions. The Brownfield Authority may also establish a Local Site Remediation Fund financed through excess TIF capture for up to 5 years to address eligible activities on other eligible property.

A SBT Credit Project Preapproval Application is submitted to Michigan Department of Treasury/ Michigan Economic Development Corporation (MEDC) for up to 10 percent of eligible investments made on eligible property. If approved the SBT Credit will be issued at the completion of the project. SBT Credit cannot exceed \$30 million.

WHO IS ELIGIBLE?

Only communities that meet the eligibility criteria of Part 195 of 1994 PA 451, as amended, may apply. Funding provided by the assessment grant must not benefit liable parties.

Any local unit of government (city, village, township, county) may create a Brownfield Authority.

The Brownfield Authority TIF may only be used to reimburse the costs of eligible project activities that are included in the Authority's Brownfield Plan approved by the community's governing body.

Any eligible taxpayer/lessee of eligible property within a Brownfield Authority community may claim a credit for eligible investments on eligible property. Eligible investments include demolition, construction or improvement of a building, the addition of machinery or equipment, and site improvements to the property. Projects must be completed within 5 years of the issuance of a preapproval letter. Credit will not go to parties who have been sued or issued a unilateral administrative order by the MDEQ.

Eligible activities may include environmental response activities (baseline environmental assessments, due care, additional response activities), and economic development activities (infrastructure improvements, site preparation, demolition that is not a response activity, and lead and asbestos abatement).

WHAT ARE THE INCENTIVES?

One hundred percent funding for eligible activities. Quick turnaround of grant awards, usually within 90 days.

To communities - redevelopment of property, enhanced tax base and employment, and joint taxing jurisdiction participation. To businesses - reimbursement for costs of eligible activities and single business tax credit.

A Brownfield Authority TIF provides for reimbursement to parties who incurred eligible expenses. Multiple taxing jurisdictions participate, and local funding resources are created.

The SBT Credit provides a significant financial incentive for developers and investors of eligible property.

WHO SHOULD I CONTACT?

Grant Application Forms:
Site Reclamation Unit, MDEQ
517-373-9540
www.deq.state.mi.us/erd/brownfields
Project Assistance:
Environmental Response Division District Staff
www.deq.state.mi.us/erd/distmap/distoff.html
For more information, refer to:
www.deq.state.mi.us/erd/brownfields

Brownfield Authority Creation:
Environmental Assistance Division, MDEQ, 517-335-2109
Tax Increment Financing Capture:
Site Reclamation Unit, MDEQ, 989-705-3453
Michigan Economic Development Corporation (MEDC)
517-373-7696
SBT Credit:
Single Business Tax Unit, Michigan Dept. of Treasury
517-373-7594
For more information, refer to:
www.deq.state.mi.us/erd/brownfields

Tax Increment Financing Capture:
Site Reclamation Unit, MDEQ
989-705-3453
Michigan Economic Development Corporation (MEDC)
517-373-7696
For more information, refer to:
www.deq.state.mi.us/erd/brownfields

For up to \$1 million SBT Credit:
Single Business Tax Unit
Mich. Dept. of Treasury
517-373-7594
For greater than \$1 million SBT Credit:
Michigan Economic Growth Authority (MEGA)
at Mich. Economic Development Corp.
(MEDC), 517-373-7696
For more information, refer to:
www.deq.state.mi.us/erd/brownfields

Clean Michigan Initiative



In November 1998, Michigan voters approved a \$675 million Clean Michigan Initiative Bond to address brownfield development, public health, environmental protection, and recreation issues.

The CMI bond focused the majority (\$323M) of the allocated funds on the Brownfield Redevelopment and Environmental Cleanup Program. This program addresses environmental cleanup at sites statewide, with redevelopment potential or public health and environmental problems. The program provides \$243 to \$263 million for redevelopment-based cleanups and \$20 million in brownfield redevelopment grants.

The redevelopment-based cleanup program involves remediation, by state funded cleanup contractors, of sites that have redevelopment potential. Annually a letter is sent from MDEQ to local governmental units requesting the nomination of sites. This program does not require a firm development commitment. Site selection is based on the level of redevelopment potential.

The imminent and substantial endangerment program funds the cleanup of sites with significant health or environmental threats. The selection of sites is based on MDEQ's assessment of the health or environmental risk posed by the site.

MDEQ requests annual legislative appropriations to fund both of these programs.

This brochure provides detailed information on the \$20 million in brownfield redevelopment grants and other financial incentives.

For further information, contact:

Michigan Department of Environmental Quality
Environmental Response Division
Program Information and Funding Unit
517-373-4800



brownfield FINANCIAL INCENTIVES



Michigan Department of Environmental Quality
Environmental Response Division
John Engler, Governor • Russell J. Harding, Director

FINANCIAL INCENTIVES

WHAT IS IT?

Brownfield Redevelopment Grants

Up to \$1 million funding to investigate and remediate known sites of environmental contamination for private development.

HOW DOES IT WORK?

A local unit of government or Brownfield Authority may submit an application to the Site Reclamation Unit, MDEQ, requesting funding for environmental activities necessary for redevelopment of an eligible property. The community or Brownfield Authority may submit an application any time during the year. Once the application has been approved, the grant will be available to reimburse the applicant for invoices for eligible project environmental activities. A community is limited to one grant award per year.

WHO IS ELIGIBLE?

Any local unit of government or Brownfield Authority is eligible to apply for a Brownfield Redevelopment Grant. The applicant must have an identified economic development project that will take place following environmental activities. The project must involve private investment, job creation, and/or an increase in property tax value. A Brownfield Redevelopment Grant cannot relieve a liable party of responsibility for response activities.

WHAT ARE THE INCENTIVES?

One hundred percent funding for eligible cleanup activities. Quick turnaround of grant awards, usually within 90 days.

WHO SHOULD I CONTACT?

Grant Application Forms:

Site Reclamation Unit
517-373-9540
www.deq.state.mi.us/erd/brownfields

Project Assistance:

Environmental Response Division (ERD) District Staff
www.deq.state.mi.us/erd/distmap/distoff.html

For more information, refer to:

www.deq.state.mi.us/erd/brownfields

State Revitalization Loan Fund

Low-interest loan to conduct environmental site assessments, eligible demolition, and interim response activities required for performance of assessment or demolition.

A local unit of government (city, village, township, county) or Brownfield Authority submits a loan application to the Site Reclamation Unit, MDEQ. The community or Brownfield Authority may receive more than one loan award per year. Current interest rate for the loan is 2-1/4 percent; interest accrual and loan repayment are deferred for the first 5 years; loan must be paid within 15 years.

Any local unit of government or Brownfield Authority is eligible to apply for a loan. Projects can address properties with either known or suspected contamination.

The community or Brownfield Authority may submit an application any time during the year. The loan may be repaid from Brownfield Authority tax capture.

Loan Application Forms:

Site Reclamation Unit, MDEQ
517-373-9540
www.deq.state.mi.us/erd/brownfields

Project Assistance:

ERD District Staff
www.deq.state.mi.us/erd/distmap/distoff.html

For more information, refer to:

www.deq.state.mi.us/erd/brownfields